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Item 575

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Public Law 96-427
96th Congress

An Act

To amend chapter 87 of title 5, United States Code, to increase the amounts of regular and optional group life insurance available to Federal employees and provide optional life insurance on family members, and for other purposes.

Oct. 10, 1980
[H.R. 7666]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Federal Employees' Group Insurance Act of 1980.

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Employees' Group Life Insurance Act of 1980". 5 USC 8701 note.

REGULAR GROUP INSURANCE PAYMENTS

SEC. 2. (a) Section 8701 of title 5, United States Code, is amended—

(1) in the section heading, by striking out "Definition" and inserting in lieu thereof "Definitions"; and

(2) by inserting at the end thereof the following new subsection:

"(c) For the purpose of this chapter, 'basic insurance amount' means, in the case of any employee under this chapter, an amount equal to the greater of— "Basic insurance amount."

"(1) the annual rate of basic pay payable to the employee, rounded to the next higher multiple of $1,000, plus $2,000, or

"(2) $10,000,

except that the amount of insurance may not exceed the annual rate of basic pay payable for positions at level II of the Executive Schedule under section 5313 of this title, rounded to the next higher multiple of $1,000, plus $2,000. In the case of any former employee entitled to coverage under this chapter, the term means the basic insurance amount applicable for the employee at the time the insurance to which the employee is entitled as an employee under this chapter stops pursuant to section 8706(a) of this title.". 5 USC 5313. 5 USC 8706.

(b) Section 8704(a) of title 5 is amended to read as follows:

"(a) An employee eligible for insurance is entitled to be insured for an amount of group life insurance equal to—

"(1) the employee's basic insurance amount, multiplied by

"(2) the appropriate factor determined on the basis of the employee's age in accordance with the following schedule:

"If the age of the employee is:	The appropriate factor is:
35 or under	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45 or over	1.0.".

022-003-92593-3

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(c) Section 8704(b) of title 5 is amended—

(1) by inserting before "Subject to" the following new sentence: "An employee eligible for insurance is entitled to be insured for group accidental death and dismemberment insurance in accordance with this subsection.";

(2) in the table, by striking out "shown in the schedule in subsection (a) of this section" each place it appears and inserting in lieu thereof "of the employee's basic insurance amount"; and

(3) in the last sentence, by striking out "the amount shown in the schedule in subsection (a) of this section" and inserting in lieu thereof "an amount equal to the employee's basic insurance amount.".

Annual pay.

(d) Section 8704(c) of title 5 is amended by striking out the last sentence and inserting in lieu thereof the following: "For the purpose of this chapter, 'annual pay' includes—

5 USC 5545.

"(1) premium pay under section 5545(c)(1) of this title; and

5 USC 8331.

"(2) with respect to a law enforcement officer as defined in section 8331(20) of this title, premium pay under section 5545(c)(2) of this title.".

5 USC 5545.

(e) The item relating to section 8701 in the table of sections for chapter 87 of title 5 is amended by striking out "Definition" and inserting in lieu thereof "Definitions".

Effective date.
5 USC 8704 note.

(f) Subsections (b) and (c) of this section shall take effect beginning with the first pay period beginning on or after October 1, 1981.

CONTINUATION OF REGULAR GROUP LIFE INSURANCE

SEC. 3. (a) Section 8706(b) of title 5, United States Code, is amended to read as follows:

"(b)(1) In the case of any employee who retires on an immediate annuity and has been insured under this chapter throughout—

"(A) the 5 years of service immediately preceding the date of the employee's retirement, or

"(B) the full period or periods of service during which the employee was entitled to be insured, if fewer than 5 years, life insurance, without accidental death and dismemberment insurance, may be continued, under conditions determined by the Office.

"(2) In the case of any employee who becomes entitled to receive compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee and has been insured under this chapter throughout—

5 USC 8101.

"(A) the 5 years of service immediately preceding the date the employee becomes entitled to compensation, or

"(B) the full period or periods of service during which the employee was entitled to be insured, if fewer than 5 years, life insurance, without accidental death and dismemberment insurance, may be continued, under conditions determined by the Office, during the period the employee is receiving compensation and is held by the Secretary of Labor or the Secretary's delegate to be unable to return to duty.

"(3) The amount of life insurance continued under paragraph (1) or (2) of this subsection shall be continued, with or without reduction, at the end of each full calendar month after the date the employee becomes 65 years of age and is retired or is receiving compensation for disease or injury, in accordance with the employee's written election at the time eligibility to continue insurance during retirement or receipt of compensation arises, as follows:

"(A) the employee may elect to have the deductions required by section 8707 of this title withheld from annuity or compensation, and the employee's life insurance shall be reduced each month by 2 percent of the face value until 25 percent of the amount of life insurance in force before the first reduction remains; or 5 USC 8707.

"(B) in addition to any deductions which would be required if the insurance were continued as provided under subparagraph (A) of this paragraph, the employee may elect continuous withholdings from annuity or compensation in amounts determined by the Office, and the employee's life insurance coverage shall be either continued without reduction or reduced each month by no more than 1 percent of its face value until no less than 50 percent of the amount of insurance in force before the first reduction remains.

"(4) If an employee elects to continue insurance under subparagraph (B) of paragraph (3) of this subsection at the time eligibility to continue insurance during retirement or receipt of compensation for disease or injury arises, the individual may later cancel that election and life insurance coverage shall continue as if the individual had originally elected coverage under subparagraph (A) of paragraph (3) of this subsection.".

EMPLOYEE DEDUCTIONS; WITHHOLDING

SEC. 4. (a) Section 8707 of title 5, United States Code, is amended to read as follows:

"§ 8707. Employee deductions; withholding 5 USC 8707.

"(a) During each period in which an employee is insured under a policy purchased by the Office of Personnel Management under section 8709 of this title, there shall be withheld from the employee's pay a share of the cost of the group life insurance and accidental death and dismemberment insurance. 5 USC 8709.

"(b)(1) Whenever life insurance continues after an employee retires on an immediate annuity or while the employee is receiving compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee, as provided in section 8706(b) of this title, deductions for insurance shall be withheld from the employee's annuity or compensation, except that, in any case in which the insurance is continued as provided in section 8706(b)(3)(A) of this title, the deductions shall not be made for months after the calendar month in which the employee becomes 65 years of age. 5 USC 8101. 5 USC 8706.

"(2) Notwithstanding paragraph (1) of this subsection, insurance shall be so continued without cost (other than as provided under section 8706(b)(3)(B)) to each employee who so retires, or commences receiving compensation, on or before December 31, 1989.

"(c) The amount withheld from the pay, annuity, or compensation of each employee subject to insurance deductions shall be at the rate, adjusted to the nearest half-cent, of 66⅔ percent of the level cost as determined by the Office for each $1,000 of the employee's basic insurance amount.

"(d) If an agency fails to withhold the proper amount of life insurance deductions from an individual's salary, compensation, or retirement annuity, the collection of unpaid deductions may be waived by the agency if, in the judgment of the agency, the individual is without fault and recovery would be against equity and good conscience. However, if the agency so waives the collection of unpaid deductions, the agency shall submit an amount equal to the sum of Waiver.

5 USC 8708.

the uncollected deductions and related agency contributions required under section 8708 of this title to the Office for deposit to the Employees' Life Insurance Fund.".

PREEMPTION

SEC. 5. (a) Section 8709 of title 5, United States Code, is amended by inserting at the end thereof the following new subsection:

"(d)(1) The provisions of any contract under this chapter which relate to the nature or extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any law of any State or political subdivision thereof, or any regulation issued thereunder, which relates to group life insurance to the extent that the law or regulation is inconsistent with the contractual provisions.

"State."

"(2) For the purpose of this section, 'State' means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and a territory or possession of the United States.".

CONTINUATION OF REGULAR OPTIONAL INSURANCE

SEC. 6. (a) Section 8714a(c)(2)(C) of title 5, United States Code, is amended to read as follows:

"(C) The amount of optional life insurance continued under subparagraph (A) or subparagraph (B) of this paragraph shall be reduced by 2 percent at the end of each full calendar month after the date the employee becomes 65 years of age and is retired or is receiving compensation for disease or injury. The Office shall prescribe minimum amounts, not less than 25 percent of the amount of life insurance in force before the first reduction, to which the insurance may be reduced.".

(b) Section 8714a(d) of title 5 is amended by inserting "(1)" after "(d)" and by adding at the end thereof the following new paragraph:

Waiver.

"(2) If an agency fails to withhold the proper cost of optional insurance from an individual's salary, compensation, or retirement annuity, the collection of amounts properly due may be waived by the agency if, in the judgment of the agency, the individual is without fault and recovery would be against equity and good conscience. However, if the agency so waives the collection of any unpaid amount, the agency shall submit an amount equal to the uncollected amount to the Office for deposit to the Employees' Life Insurance Fund.".

ADDITIONAL OPTIONAL LIFE INSURANCE

SEC. 7. (a) Chapter 87 of title 5, United States Code, is further amended by inserting after section 8714a the following new section:

5 USC 8714b.

"§ 8714b. Additional optional life insurance

"(a) Under the conditions, directives, and terms specified in sections 8709 through 8712 of this title, the Office of Personnel Management, without regard to section 5 of title 41, may purchase a policy which shall make available to each employee insured under section 8702 of this title amounts of additional optional life insurance (without accidental death and dismemberment insurance). An employee may elect coverage under this section without regard to whether the employee has elected coverage under optional insurance available under section 8714a of this title.

5 USC 8709–8712.

5 USC 8702.

5 USC 8714a.

"(b) The additional optional insurance provided under this section shall be made available to each eligible employee who has elected coverage under this section, under conditions the Office shall prescribe, in multiples, at the employee's election, of 1, 2, 3, 4, or 5 times the annual rate of basic pay payable to the employee (rounded to the next higher multiple of $1,000) except that coverage may not exceed an amount equal to 5 times the annual rate of basic pay payable for positions at level II of the Executive Schedule under section 5313 of this title (rounded to the next higher multiple of $1,000). An employee may reduce or stop coverage elected pursuant to this section at any time. 5 USC 5313.

"(c)(1) The additional optional insurance elected by an employee pursuant to this section shall stop on separation from service, 12 months after discontinuance of pay, or on entry on active military duty or active duty for training, subject to provision for a 31-day temporary extension of insurance coverage and for conversion to an individual policy, as provided in sections 8706(a) and 8706(c) of this title. 5 USC 8706

"(2) In the case of any employee who retires on an immediate annuity or who becomes entitled to receive compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee, so much of the additional optional insurance as has been in force for not less than— 5 USC 8101.

"(A) the 5 years of service immediately preceding the date of retirement or entitlement to compensation, or

"(B) the full period or periods of service during which the insurance was available to the employee, if fewer than 5 years,

may be continued under conditions determined by the Office after retirement or while the employee is receiving compensation under subchapter I of chapter 81 of this title and is held by the Secretary of Labor (or the Secretary's delegate) to be unable to return to duty. The amount of insurance continued under this paragraph shall be reduced each month by 2 percent effective at the beginning of the second calendar month after the date the employee becomes 65 years of age and is retired or is in receipt of compensation. The reduction shall continue for 50 months at which time the insurance stops.

"(d)(1) During each period in which the additional optional insurance is in force on an employee the full cost thereof shall be withheld from the employee's pay. During each period in which an employee continues additional optional insurance after retirement or while in receipt of compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee, as provided in subsection (c) of this section, the full cost thereof shall be withheld from the former employee's annuity or compensation, except that, beginning at the end of the calendar month in which the former employee becomes 65 years of age, the additional optional life insurance shall be without cost to the former employee. Amounts so withheld shall be deposited, used, and invested as provided in section 8714 of this title and shall be reported and accounted for together with amounts withheld under section 8714a(d) of this title. 5 USC 8714.

"(2) If an agency fails to withhold the proper cost of additional optional insurance from an individual's salary, compensation, or retirement annuity, the collection of amounts properly due may be waived by the agency if, in the judgment of the agency, the individual is without fault and recovery would be against equity and good conscience. However, if the agency so waives the collection of any unpaid amount, the agency shall submit an amount equal to the Waiver.

uncollected amount to the Office for deposit to the Employees' Life Insurance Fund.

"(e) The cost of the additional optional insurance shall be determined from time to time by the Office on the basis of the employee's age relative to such age groups as the Office establishes under section 8714a(e) of this title.

5 USC 8714a.

"(f) The amount of additional optional life insurance in force on an employee at the date of his death shall be paid as provided in section 8705 of this title.".

5 USC 8705.

(b) The table of sections for chapter 87 of title 5, United States Code, is amended by inserting after the item relating to section 8714a the following new item:

"8714b. Additional optional life insurance.".

OPTIONAL LIFE INSURANCE ON FAMILY MEMBERS

SEC. 8. (a) Chapter 87 of title 5, United States Code, is further amended by inserting after section 8714b (as added by section 7 of this Act) the following new section:

5 USC 8714c.

"§ 8714c. Optional life insurance on family members

"(a) Under the conditions, directives, and terms specified in sections 8709 through 8712 of this title, the Office of Personnel Management, without regard to section 5 of title 41, may purchase a policy which shall make available to each employee insured under section 8702 of this title amounts of optional life insurance (without accidental death and dismemberment insurance) on the employee's family members.

5 USC 8709–8712.

5 USC 8702.

"(b) The optional life insurance on family members provided under this section shall be made available to each eligible employee who elects coverage under this section, under conditions the Office shall prescribe, in the amount of $5,000 for a spouse and $2,500 for each child described in section 8701(d). The employee may stop coverage elected under this section at any time.

5 USC 8701.

"(c)(1) Optional life insurance on family members shall stop at the earlier of the employee's death, the employee's separation from the service, 12 months after discontinuance of pay, or the employee's entry on active duty or active duty for training, as provided in sections 8706(a) and 8706(c) of this title, subject to provision for a 31-day temporary extension of insurance coverage and for conversion to individual policies under conditions approved by the Office.

5 USC 8706.

"(2) In the case of any employee who retires on an immediate annuity or who becomes entitled to receive compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee and who has had in force insurance under this section for no less than—

5 USC 8101.

"(A) the 5 years of service immediately preceding the date of retirement or entitlement to compensation, or

"(B) the full period or periods of service during which the insurance was available to the employee, if fewer than 5 years, optional life insurance on family members may be continued under the same conditions as provided in section 8714b(c)(2) of this title.

Ante, p. 1834.

"(d)(1) During each period in which the optional life insurance on family members is in force the full cost thereof shall be withheld from the employee's pay. During each period in which an employee continues optional life insurance on family members after retirement or while in receipt of compensation under subchapter I of chapter 81 of this title because of disease or injury to the employee, as provided

in subsection (c) of this section, the full cost shall be withheld from the annuity or compensation, except that, beginning at the end of the calendar month in which the former employee becomes 65 years of age, the optional life insurance on family members shall be without cost to the employee. Amounts so withheld shall be deposited, used, and invested as provided in section 8714 of this title and shall be reported and accounted for together with amounts withheld under section 8714a(d) of this title.

5 USC 8714.

5 USC 8714a.

"(2) If an agency fails to withhold the proper cost of optional life insurance on family members from an individual's salary, compensation, or retirement annuity, the collection of amounts properly due may be waived by the agency if, in the judgment of the agency, the individual is without fault and recovery would be against equity and good conscience. However, if the agency so waives the collection of any unpaid amount, the agency shall submit an amount equal to the uncollected amount to the Office for deposit to the Employees' Life Insurance Fund.

Waiver.

"(e) The cost of the optional life insurance on family members shall be determined from time to time by the Office on the basis of the employee's age relative to such age groups as the Office establishes under section 8714a(e) of this title.

"(f) The amount of optional life insurance which is in force under this section on a family member of an employee or former employee on the date of the death of the family member shall be paid, on the establishment of a valid claim by the employee, to such employee or, in the event of the death of the employee before payment can be made, to the person or persons entitled to the group life insurance in force on the employee under section 8705 of this title.".

5 USC 8705.

(b) Section 8701 of title 5 is further amended by inserting at the end thereof the following new subsection:

"(d)(1) For the purpose of this chapter, 'family member', when used with respect to any individual, means—

"Family member."

"(A) the spouse of the individual; and

"(B) an unmarried dependent child of the individual (other than a stillborn child), including an adopted child, stepchild (but only if the stepchild lived with the individual in a regular parent-child relationship), or recognized natural child—

"(i) who is less than 22 years of age, or

"(ii) who is 22 years of age or older and is incapable of self-support because of a mental or physical disability which existed before the child became 22 years of age.

"(2) For the purpose of this subsection, 'dependent', in the case of any child, means that the individual involved was, at the time of the child's death, either living with or contributing to the support of the child, as determined in accordance with the regulations the Office shall prescribe.".

"Dependent."

(c) The table of sections for chapter 87 of such title 5 is amended by inserting after the item relating to section 8714b (as added by section 7 of this Act) the following new item:

"8714c. Optional life insurance on family members.".

REPEAL OF SECTION 8713 OF TITLE 5

SEC. 9. (a) Section 8713 of title 5, United States Code, is repealed.

(b) The table of sections for chapter 87 of title 5 is amended by striking out the item relating to section 8713.

EFFECTIVE DATES

5 USC 8701 note.

SEC. 10. (a) Unless otherwise specified, this Act shall take effect on the date of the enactment of this Act and shall have no effect in the case of an employee who died, was separated, or retired before the date of enactment.

(b) The amendment made by subsection (d) of section 2 of this Act shall apply with respect to premium pay payable under section 5545(c)(2) of title 5, United States Code, from and after the first day of the first pay period which begins on or after the date of the enactment of this Act.

(c) The amendments made by section 3 of this Act shall apply only in the case of an employee who retires or becomes entitled to receive compensation for work injury on or after the 180th day following the date of the enactment of this Act, or any earlier date that the Office of Personnel Management may prescribe which is at least 60 days after the date of enactment.

(d) The amendments made by sections 7 and 8 of this Act shall take effect on the first day of the first pay period which begins on or after the 180th day following the date of the enactment of this Act, or on any earlier date that the Office may prescribe which is at least 60 days after the date of enactment, and shall have no effect in the case of an employee who died, was finally separated, or retired before the effective date.

AVAILABILITY OF CERTAIN FUNDS IN EMPLOYEES' LIFE INSURANCE FUND

5 USC 8714a note.

SEC. 11. Amounts credited to the Employees' Life Insurance Fund under section 8714a(d) of title 5, United States Code, shall be available for expenses incurred by the Office of Personnel Management in implementing the amendments made by sections 7 and 8 of this Act.

Approved October 10, 1980.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-1280 (Post Office and Civil Service).
CONGRESSIONAL RECORD, Vol. 126 (1980):
Sept. 8, considered and passed House.
Sept. 29, considered and passed Senate.

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